

CONFIDENTIAL

242

OCI No. 0515/76  
CIM 76-10125

23 June 1976

UNITED ARAB EMIRATES

The United Arab Emirates (UAE) is a confederation of seven small Persian Gulf sheikhdoms. The confederation was established in December 1971, following the UK's termination of its special treaty relationship with the sheikhdoms, then known as the Trucial States.

Population: 650,000 in late 1975;

About 60 percent expatriates;

centered in towns of Abu Dhabi, Dubai, and Sharjah.

The UAE president is Sheikh Zayid, the ruler of Abu Dhabi, the largest and by far the wealthiest of the member states. Zayid's five-year term expires in December, but we anticipate he will be reelected by his fellow rulers.

Most of the credit for making the confederation a going thing--as well as for its establishment--belongs to Zayid. Using a deft combination of consensus politics and timely handouts, Zayid has managed to maintain good relations with his squabbling fellow rulers. He has cautiously steered a middle course in both domestic and foreign affairs, thus reducing factionalism and eliminating issues his opponents might exploit. He has preserved traditional bedouin and Islamic practices, in order to reduce the impact of the foreign workers inundating the UAE.

Abu Dhabi's oil revenue--it was in excess of \$4 billion in 1975--keeps the central government afloat and also supports the poorer sheikhdoms. None of the other sheikhdoms have contributed to the central treasury.

Politics in the UAE revolved around the question: what ought to be the mix between central and local power?

Zayid is the leading advocate of a stronger central government.

The most important spokesman for the localists is Sheikh Rashid of Dubai, vice president of the UAE.

Zayid and the centralists won a token victory in May, when the rulers of the sheikhdoms agreed to take some first, small steps toward the unification of their separate military forces.

The localists have not caved in, however. The next round in the struggle will be fought over the UAE's permanent constitution, on which debate is scheduled to begin soon in the assembly. The constitution will become effective in December.

UAE-US relations are basically good. The UAE values US technological strength; Americans are personally popular there. But Zayid is quite sensitive to the ups and downs of the Arab-Israeli situation; Abu Dhabi was the first Arab state to announce an embargo against the US during the October 1973 war. Zayid has not, so far, permitted communist states to establish a presence in the UAE, although some of his advisers have been pushing for relations with the Soviet Union.